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Economics Department

McGraw-Hill Publications Company
1221 Avenue of the Americas
New York, New York 10020

March, 1983

CAPITAL SPENDING CHECK-UP AND FINANCING SURVEY

Executive Summary

Recovery of the economy in general may now be in sight, but recovery of capital investment in particular is still over the horizon.

After stripping away inflation, U.S. capital expenditures are slated to plummet 8.8% this year, one of the steepest declines in post-World War II history. Including expected inflation of 6.5%, U.S. business plans to cut investment in new plant and equipment 2.9% this year to $310.6 billion.

These are key results of McGraw-Hill's "Capital Spending Check-Up and Financing Survey," conducted in January and February. More than 500 companies that account for better than a third of total U.S. capital expenditures responded to the survey.

Here is a summary of the results:

1983 Capital Spending Plans

	-----$ Billions-----		-------% Change-------	
	1982 Estimated	1983 Planned	1982-83	1982-83 Real*
All Business	$319.99	$310.64	-2.9%	-8.8
Manufacturing	122.67	118.01	-3.8	-9.2
Nonmanufacturing	197.32	192.63	-2.4	-8.6

*Planned percent change in capital spending (including inflation) adjusted for firms' projection of capital goods price changes in 1983.

Given that the economy has just gone through a long, severe recession it is not surprising that business plans to cut capital outlays this year: Far too much factory capacity is sitting idle for manufacturers to think about expansion. Profits are too weak to finance large capital projects internally, while the cost of external funds is still extremely high. And perhaps most important, sales have not yet picked up sufficiently for business to regain the confidence that underlies capital appropriations.

Confidence, however, may be on the rebound. According to the survey, business expects cash flow this year to spurt 15%. If that happens, companies will be in better shape to finance capital projects in 1984.

At present, however, firms are not planning to raise capital spending very much next year--just 5.1%. The survey did not ask for 1984 inflation expectations, but if prices increase a modest 3%-4% it means "real" capital investment would rise only 1%-2% in 1984.

Typically, when capital spending rebounds, real investment jumps 5% or 6%. Thus, if current spending plans remain unchanged, 1984 would be another sub-par year for capital spending--the fifth in a row.

Among the two dozen industries in the survey, just five expect to boost real investment in 1983. The industry planning the biggest percentage increase is instruments--up 8.4% after inflation.

In the face of oil price declines, petroleum and oil well drilling firms plan substantial reductions in capital outlays this year. Larger cutbacks are scheduled by metals industries, hard hit by the long recession. In 1984, however, metals firms plan major investment increases.

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CAPITAL SPENDING CHECK-UP AND FINANCING SURVEY

The budding economic recovery may be for real this time around, but the seeds of a pickup in capital spending have not yet been planted.

According to McGraw-Hill's "Capital Spending Check-Up and Financing Survey," U.S. business plans to cut domestic new plant and equipment expenditures 2.9% in 1983 to $310.6 billion. Firms responding to the survey also project a 6.5% rise in plant and equipment prices. If both the spending and price projections materialize, inflation-adjusted ("real") capital investment would slump 8.8% this year. That would make 1982-83 the first time in post-World War II history that real U.S. capital spending fell two years back-to-back.

Even if 1983 turns out to be a recovery year, as many suspect, a fall in capital investment would not be unusual--investment typically lags behind the economy as a whole. A more disappointing survey finding, therefore, is that capital outlays are projected to rise only 5.1% in 1984. The survey does not ask for 1984 price projections, but if they too are in the 6% range, it suggests that the long capital spending drought will extend for yet another year.

Conducted in January and February, the survey drew responses from more than 500 companies accounting for over one-third of capital spending in the U.S. Expenditure projections in the survey are "blown

up" to represent U.S. investment by all companies, not just companies in the survey sample.

On a more positive note, the survey also found that firms on average expect cash flow to spurt this year after dipping some 2% in 1982. Survey respondents do not appear too optimistic, however, on interest rates: Only a fifth of companies said they would raise most of their external funds in bond markets this year; and despite the stock market surge of recent months, only 5% said they would look primarily to new share issues as their major source of external funds.

The Survey Could Be Too Pessimistic

Forecasters are virtually unanimous in thinking the economy is or will soon be in a recovery, with growth for the year put somewhere between 2% and 5%. Survey respondents, too, seem to be anticipating recovery, judging from their projection of a cash flow increase this year of 14.9% (Table III). Yet at the same time, 1983 investment for new plant and equipment is scheduled to drop 2.9% (Table I). After factoring in inflation expectations of 6.5%, investment is projected to plummet 8.8% (Table II).

If the forecasters are correct and recovery is upon us, a further fall in capital outlays would not be out of the ordinary. It takes time for companies to replenish their coffers, to restructure balance sheets, to raise operating rates, and perhaps most important, to become convinced that rising orders are not a mirage.

In short, for capital spending to rise, the rest of the economy has to move forward first. For example, even though the severe 1973-75 recession ended in 1975's first quarter, real outlays on new plant and

equipment in 1975 crashed by 11.5%. By analogy, if the 1981-82(?) recession ended last December or January, then real capital investment this year would not be expected to make it back to the 1982 level.

The survey result, therefore, is certainly in line with historical experience. There is room, however, to hope the result is overly gloomy. Specifically, the survey's projection that plant and equipment prices will rise 6.5% this year appears too pessimistic. In recent months, the inflation rate of capital goods has been running well below that projected rate. With demand for plant and equipment weak, and with the general inflation rate below 5%, it would seem difficult for capital goods producers to raise prices much beyond 2%-3% this year.

Survey respondents' view that prices will rise more briskly could stem from two things: One is that the government's measures of inflation may not pick up certain discounts being offered in the marketplace, and that companies now receiving discounts expect higher list prices to go back into effect this year.

The second reason for the seemingly high inflation projections could reflect assumptions in firms' capital budgets based on the pricing situation some months ago when the inflation rate higher. In fact, the past pattern of inflation projections in McGraw-Hill surveys suggests that expectations depend on what happened in the previous year. This statement should be clarified by Chart 1, which compares inflation projections for the year ahead from McGraw-Hill's fall capital spending surveys with the actual results based on two different government measures of capital goods inflation.

The survey projections were a little high in the early 1970s when the inflation rate was steady. When inflation surged in 1974, the

Chart 1. Survey Price Projections Lag

	% Change		
	Nonresidential Fixed Investment Deflator	Producer Prices Capital Spending	Fall Survey Price Projection
1970	5.3%	4.9%	7%
1971	5.4	4.1	7
1972	4.0	2.5	5
1973	3.8	3.3	6
1974	11.2	14.2	7
1975	14.6	15.2	12
1976	4.8	6.7	9
1977	5.5	6.5	7
1978	7.9	7.9	8
1979	8.6	8.7	8
1980	9.0	10.8	9
1981	8.2	10.2	10
1982	4.4	5.6	10

NOTE: Survey projections are from McGraw-Hill surveys published in November preceding year shown in chart. The 10% projection for 1982, that is, was published in November, 1981.

survey projection stayed in line with previous experience. The survey caught up in 1975, but then came in too high in 1976 when the inflation rate fell.

As inflation crept up from 1977 to 1981, the survey performed quite well. But then, with the sudden recent break in inflation, the survey again overshot in 1982. Inflation expectations are probably in the process of adjusting. But as for now, it appears that 1981 (and early 1982) price experience is dominating the survey's price projections.

The significance of a possible over-estimate of 1983 inflation is that a capital investment cutback of 2.9% might not translate into as severe a real decline as the survey indicates. If companies do spend their budgets, that is, and inflation is (say) 2% or 3% then real expenditures would fall by 5%-6% instead of 8.8%.

This analysis, however, raises a further question: If inflation comes in lower than budgets project, will companies spend the newly available dollars? Even if only a fraction of the additional dollars get spent, it would mean that an 8.8% real drop in capital investment this year would be a worst-case outcome.

Can Capital Spending Come Back in 1984?

One assertion made above is that the capital spending cutback projected for 1983 is in line with historical experience. So a dismal investment performance this year could at least be attributed to the normal workings of the economy. By contrast, the survey's 1984 projection of only a 5.1% pickup is more worrisome. That implies little or no investment growth next year at a time when the economy is supposed to be on an expansionary path. (The consensus economic forecast for 1984 is growth of about 4%.)

Going back to the 1973-75 recession analogy, real capital investment in 1976 rose 3%. Compared to other post-World War II turnarounds in new plant and equipment outlays (see Chart 2), 1984 prospects look even worse. Next year's 11.4% projected cutback by electric utilities may appear suspiciously large, but even if utility spending is constant next year, overall capital expenditures would still be up only 6.3% before inflation. Real outlay growth would still be an anemic 2% or so.

One mitigating factor here is that if recovery does take hold in 1983, firms may beef up their capital budgets as the year progresses. Judging from survey respondents' cash flow projections for 1983 (up nearly 15%), business does in fact expect a recovery. If the cash

Chart 2. Capital Spending Recoveries in Past Business Cycles

	% Change In Real Plant & Equipment Expenditures
1954	-1.4%
1955	8.0
1958	-12.5
1959	3.5
1961	-1.3
1962	6.4
1971	-2.4
1972	6.6
1975	-11.5
1976	2.9
Average % Increase In Recovery Year	5.5
1982	-4.8
1983*	-8.8
1984*	1.0

*1983 projection is from survey Table II. 1984 projection is based on survey's spending projection in Table I adjusted for an assumed 1984 capital goods inflation rate of 4%.

starts flowing as projected, d[illegible]tal projects may begin to look more appealing.

Yet before putting funds into new plant and equipment, many companies may first want to repair tattered balance sheets by shedding debt. Firms should also be converting short-term into long-term debt. But before deciding it's time to go long, they might sit on the fence awhile, waiting for long-term interest rates to subside. Thus almost half of survey respondents plan to obtain most of their external funds this year from banks, while another 10.5% say they will issue commercial paper as their major means of raising revenue (Table V).

Only a little better than one-fifth of firms see the bond market as their major source of external funds. One interpretation of these results is that many companies feel long-term interest rates are still too high to get locked into for ten or twenty years. These firms, therefore, will wait, proceeding cautiously with capital projects in order to avoid stacking even more short-term debt on top of the existing pile.

Balance sheet constraints on capital investment, that is, may still be operating in 1984 despite a recovery-induced pickup in cash flow in 1983. To ease that constraint and to boost investment next year, bond yields would have to drop from their lofty levels (11%-12% for high-quality corporates). Because inflation is down, because the oil price drop will keep inflation down, and because Federal Reserve Board actions and statements point to fairly easy money, many are now hoping for interest rates to fall. But with federal budget deficits of $200 billion on tap for the next several years, rates might not drop far enough to ease corporate finance officers' minds. The result: A disappointing recovery for capital spending in 1984.

What about the pro-investment tax package legislated in 1981? Even though some business tax cuts were taken back in 1982, the tax structure still provides substantial incentives to buy new plant and equipment. Shouldn't those incentives be at work, helping to lift investment?

Possibly. But unless firms have sufficient income to offset against accelerated depreciation charges, much of the Reagan investment tax package will go for nought. Moreover, taxes are probably not the major consideration for a company contemplating a capital project.

Current and anticipated demand for the company's products and services are probably of paramount importance.

Unless the economy is clearly moving upward by the end of 1983, therefore, it's not likely that 1984 investment will rebound briskly. If the economy does not surge later this year, and this points up the secondary role of tax incentives, it's almost certain that real capital spending in Ronald Reagan's fourth year as President will be lower than in the year before he took office.

1983 Investment Slipping on Oil Prices

The Administration, however, hardly deserves all the blame for the capital investment slump. For example, an office building boom that started a half dozen years ago is bound to run out of steam some time; it may finally be cresting now. That tailing off would probably be most reflected in spending plans of the trade and services industry, which is projecting very small increases in capital outlays this year and next (see Table I). After stripping away inflation, outlays will probably be falling.

Another major force--falling oil prices--is also at work to weaken capital investment. This price decline, however, is a positive force for the economy as a whole and thus will eventually encourage investment, perhaps by next year.

Weakening petroleum prices last year started cutting into capital outlays on oil well drilling; those cuts will go even deeper this year as drillers face the prospect of a precipitous oil price plunge. Whether prices fall more than $5 a barrel or not, uncertainty about the price will put many projects on the shelf. Such delays show up in

reduced expenditures in Table I in two industries--petroleum, which includes integrated companies that spend on drilling as well as on other activities; and in mining, which includes independent drillers.

Since petroleum has provided the major strength to capital spending in recent years, its sudden weakening leaves few industries to prop up plant and equipment spending. Of the two dozen industries covered in the survey, only five plan to hike real capital spending this year (Table II), and only one--instruments--expects to raise spending by more than 3%.

The pivotal role of petroleum in capital spending is pointed up in Chart 3. After Oil Shock I in late 1973, capital expenditures of oil

Chart 3. 1983 Spending Hurt By Energy Declines

	% Change in Capital Spending	% Change in Petroleum & Mining	% Change in Total Less Petroleum & Mining
1973	14.5%	4.2%	15.2%
1974	14.0	49.3	11.8
1975	0.5	31.5	-2.1
1976	8.7	16.1	7.9
1977	15.5	20.4	15.0
1978	16.7	10.2	17.6
1979	17.0	14.2	17.3
1980	9.3	24.0	7.6
1981	8.7	27.0	6.4
1982	-0.5	0.5	-0.6
1983*	-2.9	-7.1	-2.3

*Survey results.

companies seeking new reserves zoomed. The growth rate of petroleum and mining capital outlays quadrupled the rate for the rest of U.S. business. The relative strength of oil showed up even more dramatically in 1975 when energy-related capital spending continued to surge while

other spending fell.

Overall industry capital spending subsequently picked up briskly from 1977 to 1979. But then came Oil Shock II, which like its predecessor crimped the economy while stimulating huge new outlays on oil drilling. Energy spending in 1980 and 1981 boosted total capital spending by about two percentage points. Now the shoe is on the other foot: Declines in oil well drilling will be weakening overall expenditures this year and possibly next.

Besides affecting petroleum directly, the drop in oil prices is also causing companies to shelve investments in alternative energy projects. The sharp drop in projected capital outlays by gas utilities could reflect such cutbacks. Electric utilities, too, may be delaying investments in coal conversions as they wait for oil prices to settle at a new level.

Short-term, in other words, disarray in oil markets will drag capital investment down: Companies that produce oil feel the effects quickly and with full force; they will react quickly by cutting outlays. The utilities are further removed, yet are closer to the front lines than many other firms.

For these others (with some exceptions like airlines), it will take time for lower oil prices to work their beneficial way through the economy. The outcome will be reduced costs, higher profits, and increased demand from consumers who find themselves with more discretionary income. Economic growth will be stimulated and capital investment will follow.

Since the survey was conducted in January and February, it is not likely that most respondents had time to factor a drop in oil prices

into their 1984 plans. (The OPEC meeting that ended in a shambles occurred toward the end of January.) By the same token, oil drilling plans may have been predicated upon Saudi Arabia's defending the benchmark price of oil at $34 per barrel. If the price drops to $25-$30, planned petroleum and mining expenditures could be much lower than the survey indicates in both 1983 and 1984. At the same time, outlays of other industries could be higher than the survey projects for 1984.

In sum, a fall in oil prices will hurt capital spending in 1983, since oil producers will cut plans quickly while other companies will have to wait and see how the price drop affects them. Once lower oil prices stimulate economic growth, however, investment will respond positively, perhaps as early as next year.

Notes on the Survey

Results in this report are based on the responses of over 500 firms to a survey taken in January and February. These firms account for 55% of capital spending in the U.S. (Table VI). For capital spending, firms supplied dollar estimates of future plant and equipment expenditures. Estimates for each year were summed by industry, and percent changes between years were calculated. Each industry's percent change for 1982-83, derived from the sample firms, was then applied to the industry's total capital spending in 1982 in order to derive the industry's total estimated capital spending in 1983. The 1983-84 percent change was applied to the estimated 1983 total industry figure to derive the industry's total estimated 1984 capital spending. Firms with extreme percent changes in spending (outliers) were removed from

the sample on a year-by-year basis. The source of the actual 1982 capital spending is the U.S. Department of Commerce.

Once each industry's total estimated capital spending was derived, the figures were summed to derive estimates for the various aggregate groupings--durables, nondurables, all manufacturing, all nonmanufacturing, and all business.

All data presented in this report other than the capital spending figures are based on percentage--rather than dollar--answers supplied by the sample firms. Percentage responses were weighted by size of firm within an industry to derive industry figures. Figures for the aggregates were then derived by weighting each industry by size.

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NOTE: The other durables category listed in the table includes lumber, furniture, jewelry, toys, and transportation equipment other than autos and aerospace. Other nondurables includes apparel, tobacco, printing and publishing, and leather. The trade and services category includes retail and wholesale trade, banking, holding companies, insurance companies, hotels, laundries, and personal and business services. The communications and other category includes construction firms and transportation services other than airlines and railroads.

TABLE I

PLANS FOR CAPITAL SPENDING IN THE U.S.
(Billions of Dollars)

INDUSTRY	1982 Estimated	1983 Planned	1982-83 % Change	1984 Planned	1983-84 % Change
Iron & Steel	$ 3.63	$ 2.22	-38.9%	$ 2.74	23.6%
Nonferrous Metals	2.87	2.25	-21.6	2.92	29.6
Electrical Machinery	10.67	10.94	2.5	12.99	18.8
Machinery	13.89	13.03	-6.2	15.03	15.4
Autos, Trucks & Parts	7.91	8.48	7.2	10.46	23.4
Aerospace	5.92	6.31	6.6	6.95	10.2
Fabricated Metals	2.64	1.86	-29.7	2.72	46.6
Instruments	2.35	2.71	15.4	2.91	7.4
Stone, Clay & Glass	2.60	2.51	-3.6	3.38	34.7
Other Durables	5.47	4.29	-21.5	4.23	-1.5
TOTAL DURABLES	57.95	54.60	-5.8	64.33	17.8
Chemicals	13.82	12.94	-6.4	14.42	11.4
Paper & Pulp	5.96	6.42	7.8	6.42	-0.1
Rubber	1.75	1.58	-9.9	2.33	47.9
Petroleum	27.60	26.08	-5.5	27.86	6.8
Food & Beverages	7.67	8.15	6.2	8.33	2.3
Textiles	1.29	1.32	2.7	1.25	-6.0
Other Nondurables	6.64	6.92	4.1	7.30	5.6
TOTAL NONDURABLES	64.72	63.41	-2.0	67.91	7.1
TOTAL MANUFACTURING	122.67	118.01	-3.8	132.24	12.1
Mining	16.05	14.48	-9.8	14.83	2.4
Railroads	4.12	4.10	-0.4	5.76	40.3
Airlines	3.97	3.51	-11.6	2.08	-40.8
Electric Utilities	33.06	33.41	1.1	29.60	-11.4
Gas Utilities	8.56	6.92	-19.1	8.81	27.3
Communications & Other	45.14	43.70	-3.2	45.10	3.2
Trade & Services	86.42	86.51	0.1	87.95	1.7
TOTAL NONMANUFACTURING	197.32	192.63	-2.4	194.13	0.8
ALL BUSINESS	319.99	310.64	-2.9	326.37	5.1

NOTE: Dollar amounts are rounded to two decimal places. Percent changes are calculated from unrounded data. Dollar figures represent total industry capital expenditures, not just the expenditures of companies responding to the survey. The source for 1982 expenditures is the U.S. Commerce Department.

TABLE II

INFLATION EXPECTATIONS

INDUSTRY	Expected % Change in Plant & Equipment Prices 1982-83	Expected % Change in "Real" Capital Spending 1982-83*
Iron & Steel	5.7%	-42.1%
Nonferrous Metals	6.1	-26.1
Electrical Machinery	5.8	-3.1
Machinery	5.3	-10.9
Autos, Trucks & Parts	4.1	3.0
Aerospace	6.1	0.5
Fabricated Metals	4.3	-32.5
Instruments	6.4	8.4
Stone, Clay & Glass	6.3	-9.2
Other Durables	6.6	-26.4
TOTAL DURABLES	5.6	-10.8
Chemicals	5.9	-11.6
Paper & Pulp	6.0	1.7
Rubber	7.3	-15.9
Petroleum	7.0	-11.7
Food & Beverages	5.8	0.4
Textiles	5.3	-2.5
Other Nondurables	6.7	-2.3
TOTAL NONDURABLES	6.5	-8.0
TOTAL MANUFACTURING	6.0	-9.2
Mining	5.1	-14.2
Railroads	5.7	-5.9
Airlines	7.7	-17.9
Electric Utilities	6.8	-5.4
Gas Utilities	7.4	-24.7
Communications & Other	5.2	-8.0
Trade & Services	7.9	-7.2
TOTAL NONMANUFACTURING	6.8	-8.6
ALL BUSINESS	6.5	-8.8

*Percent change in capital spending from Table I adjusted for expected capital goods inflation from first column of Table II.

TABLE III

CASH FLOW

INDUSTRY	Percent Change 1981-82 Estimated	Percent Change 1982-83 Expected
Iron & Steel	-55.5%	93.8%
Nonferrous Metals	-11.3	11.2
Electrical Machinery	-18.2	68.9
Machinery	11.3	1.2
Autos, Trucks & Parts	-13.3	50.1
Aerospace	7.1	24.2
Fabricated Metals	-22.4	13.8
Instruments	6.7	11.9
Stone, Clay & Glass	4.6	11.3
Other Durables	-6.4	55.9
TOTAL DURABLES	-6.9	36.4
Chemicals	-7.0	8.9
Paper & Pulp	-14.7	23.8
Rubber	-28.1	59.8
Petroleum	4.8	3.9
Food & Beverages	3.0	13.8
Textiles	4.3	13.8
Other Nondurables	15.2	12.5
TOTAL NONDURABLES	0.4	10.5
TOTAL MANUFACTURING	-3.0	22.7
Mining	2.8	-4.8
Railroads	-10.8	7.1
Airlines	-19.1	-5.7
Electric Utilities	17.6	25.5
Gas Utilities	-0.6	7.6
Communications & Other	12.2	10.1
Trade & Services	-14.4	8.0
TOTAL NONMANFACTURING	-1.0	10.1
ALL BUSINESS	-1.8	14.9

NOTE: Cash flow is defined in this survey as change in retained earnings plus depreciation charges.

TABLE IV

INTERNAL VS. EXTERNAL FINANCING

INDUSTRY	% of Capital Expenditures: Financed Internally 1982 (Estimated)	Financed Internally 1983 (Expected)	Financed Externally 1982 (Estimated)	Financed Externally 1983 (Expected)
Iron & Steel	64.8%	76.8%	35.2%	23.2%
Nonferrous Metals	64.3	91.2	35.7	8.8
Electrical Machinery	85.7	90.5	14.3	9.5
Machinery	92.6	91.9	7.4	8.1
Autos, Trucks & Parts	86.1	87.9	13.9	12.1
Aerospace	71.1	67.3	28.9	32.7
Fabricated Metals	75.5	98.0	24.5	2.0
Instruments	89.6	83.3	10.4	16.7
Stone, Clay & Glass	87.6	88.5	12.4	11.5
Other Durables	88.4	99.0	11.6	1.0
TOTAL DURABLES	83.8	88.5	16.2	11.5
Chemicals	90.5	89.0	9.5	11.0
Paper & Pulp	88.6	94.5	11.4	5.5
Rubber	80.2	91.6	19.8	8.4
Petroleum	89.9	94.7	10.1	5.3
Food & Beverages	88.6	88.6	11.4	11.4
Textiles	95.3	92.8	4.7	7.2
Other Nondurables	84.1	89.4	15.9	10.6
TOTAL NONDURABLES	89.0	92.1	11.0	7.9
TOTAL MANUFACTURING	86.5	90.3	13.5	9.7
Mining	75.8	79.5	24.2	20.5
Railroads	82.7	82.0	17.3	18.0
Airlines	32.0	48.0	68.0	52.0
Electric Utilities	51.1	47.7	48.9	52.3
Gas Utilities	63.3	72.6	36.7	27.4
Communications & Other	80.5	84.1	19.5	15.9
Trade & Services	75.7	64.2	24.3	35.8
TOTAL NONMANUFACTURING	71.4	67.7	28.6	32.3
ALL BUSINESS	77.3	76.5	22.7	23.5

NOTE: Firms were asked to give the percent of capital expenditures financed with internal funds; but if financing for capital expenditures could not be broken out from total financing needs, firms were asked to state the percent of total financing done internally.

TABLE V

EXTERNAL FINANCING

WHERE FIRMS EXPECT TO OBTAIN EXTERNAL FUNDS IN 1983

	---% Companies Indicating Their Main Source Will Be:--					
INDUSTRY	Banks	Bond Markets	Commercial Paper	Insurance Companies	New Stock	Other
Iron & Steel	62.5%	0.0%	0.0%	12.5%	0.0%	25.0%
Nonferrous Metals	62.5	12.5	12.5	0	0	12.5
Electrical Machinery	55.6	11.1	22.2	11.1	0	0
Machinery	60.0	26.7	6.7	0	0	6.7
Autos, Trucks & Parts	0	100.0	0	0	0	0
Aerospace	100.0	0	0	0	0	0
Fabricated Metals	100.0	0	0	0	0	0
Instruments	60.0	10.0	20.0	0	10.0	0
Stone, Clay & Glass	71.4	14.3	0	14.3	0	0
Other Durables	66.7	0	0	0	0	33.3
TOTAL DURABLES	65.2	13.0	8.7	4.3	1.4	7.2
Chemicals	43.8	25.0	18.8	0	0	12.5
Paper & Pulp	45.5	18.2	18.2	9.1	0	9.1
Rubber	60.0	0	10.0	10.0	10.0	10.0
Petroleum	53.8	23.1	15.4	0	0	7.7
Food & Beverages	28.6	42.9	0	0	28.6	0
Textiles	72.7	0	0	0	9.1	18.2
Other Nondurables	87.5	12.5	0	0	0	0
TOTAL NONDURABLES	55.3	17.1	10.5	2.6	5.3	9.2
TOTAL MANUFACTURNG	60.0	15.2	9.7	3.4	3.4	8.3
Mining	66.7	0	0	16.7	8.3	8.3
Railroads	20.0	0	20.0	0	0	60.0
Airlines	50.0	0	0	0	25.0	25.0
Electric Utilities	3.2	58.1	19.4	0	12.9	6.5
Gas Utilities	20.0	40.0	20.0	0	10.0	10.0
Communications & Other	26.7	33.3	13.3	6.7	0	20.0
Trade & Services	60.0	13.3	0	13.3	0	13.3
TOTAL NONMANUFACTURING	29.3	31.5	12.0	5.4	7.6	14.1
ALL BUSINESS	48.1	21.5	10.5	4.2	5.1	10.5

TABLE VI

SAMPLE SIZE

INDUSTRY	% of Capital Spending By Companies in the Survey Sample
Iron & Steel	68.3%
Nonferrous Metals	33.4
Electrical Machinery	39.4
Machinery	46.4
Autos, Trucks & Parts	81.2
Aerospace	26.0
Fabricated Metals	12.9
Instruments	52.0
Stone, Clay & Glass	27.1
Other Durables	6.2
TOTAL DURABLES	42.6
Chemicals	42.3
Paper & Pulp	37.6
Rubber	19.6
Petroleum	94.4
Food & Beverages	29.6
Textiles	20.5
Other Nondurables	32.5
TOTAL NONDURABLES	61.0
TOTAL MANUFACTURING	52.3
Mining	9.1
Railroads	49.0
Airlines	56.1
Electric Utilities	48.3
Gas Utilities	35.9
Communications & Other	48.7
Trade & Services	2.1
TOTAL NONMANUFACTURING	29.6
ALL BUSINESS	35.2